

SYSTEM AND METHOD FOR VENDOR MANAGED SUBSIDIZED SUPPLY PIPELINE FOR BUSINESS CONTINUITY

Technical Field

[0001] The present invention relates to inventory management, and in particular to inventory management for emergency supply situations.

Background

[0002] Disaster and recovery planning involves the immediate re-supply of core business items, PCs, networking equipment, desks, and the like. In the past, these items have not been immediately available due to ebbs and flows in the vendor's inventory. In the past, this has been resolved with supply contracts that are not directly backed with actual inventory. Thus, even though the business needing the supplies may be adequately insured financially, still the actual supplies are not immediately available, or are available at an unacceptable cost because supply does not meet demand.

Summary of the Invention

[0003] The illustrative embodiments of the present application describe mechanisms for customers to subsidize a vendor's supply pipeline for the purpose of filling that pipeline with equipment to meet a customer's disaster and recovery requirements. Under normal conditions, items exiting the pipeline are sold to third parties, possibly at discounted prices. The customer incurs a cost for the discounted sales to third parties. In the event of a disaster, the pipeline buffer equipment is guaranteed to be immediately available to the customer.

[0004] Entities with disaster and recovery equipment needs subsidize a warehousing pipeline buffer of equipment managed by the equipment vendor (e.g. a manufacturer, seller, supplier, or the like). This pipeline guarantees the equipment for the customer without burdening the customer with the storage, handling and restocking of the pipeline. It also compensates the vendor for the maintenance of this storage pipeline via fees and subsidized discounts for aged equipment leaving the pipeline.

[0005] The illustrative embodiments of the present application have at least several advantages. For example, the subsidized pipeline is used to guarantee the existence of necessary business continuity equipment for the customer, while possibly generating new revenue sources for a vendor. Ownership by an entity different from the vendor can be attached to equipment in the pipeline. The equipment in the pipeline is immediately available to the customer in times of emergency.

Brief Description of the Drawings

[0006] Figure 1 is a flow chart showing an embodiment of the present invention.

[0007] Figure 2 is a flow chart showing a different embodiment of the present invention.

[0008] Figure 3 is a block diagram showing a system according to the present invention.

Detailed Description of Embodiments

[0009] Vendors and/or suppliers currently maintain a warehouse of equipment that is stocked according to market supply and demand influences. The present business mechanism subsidizes the cost of filling a pipeline with equipment for a particular customer. This pipeline may contain equipment that has a shelf life and so may be pushed through and out of the pipeline and then either sold by the vendor or consumed by the customer itself. The equipment in the pipeline can be assigned temporary ownership to the customer, thus ensuring the availability of the equipment in emergency situations. Once the equipment ages out of the pipeline, the equipment may be consumed by the customer directly, sold by the customer (possibly via the vendor), or the ownership of the equipment could be transferred back to the vendor for sale. Alternatively, the client directly consumes the items in the pipeline at any time, triggering the pipeline to be re-stocked by the vendor/supplier. All orders from a particular customer may be made against the pipeline.

[0010] It is envisioned that this service would be at some cost to the customer, either in the form of a monthly service fee based on the size of the pipeline and the equipment in the pipeline. This pipeline of disaster and recovery equipment may also prove to be a valuable commodity in times of crisis and could be sold by the customer to a third party requiring an immediate supply.

[0011] The present invention can be more fully appreciated by reference to the accompanying drawings. As seen in FIG 1, a method **100** ensures that a business will have supplies available in case of an emergency. The emergency may be a natural disaster, a terrorist attack, or even a sudden and unusual

demand for the services of the business. According to this embodiment, the business would perform the method jointly with a vendor, and of course the same method can be simultaneously performed jointly by the same business and another vendor. For example, one vendor might be a manufacturer of personal computers, while another vendor might be a supplier of bottled water or an even more perishable item such as cheese. The vendor will maintain an inventory of the business supplies, and will be compensated **105** for doing so.

[0012] The vendor and the business arrange for the supplies to be sold off at a discount, in order to restock the inventory, whenever a release condition occurs. This may involve a process of consultation between the vendor and the business, plus monitoring of alternative stock that becomes available on the market, plus inspection of the inventory to see what condition it is in. In any case, since the business is a paying customer of the vendor, the business should be able to have a high degree of control over when the supplies are to be sold at a discount, but at the same time the vendor should be able to dispute that the pre-established release condition has actually occurred. One convenient way to balance these interests is to only allow the supplies to be sold at a discount if the business asserts **110** that a release condition has occurred, and then the vendor will have a fixed time (e.g. a week) to object **115** to that assertion, and otherwise the vendor will be deemed to have agreed to the assertion. If the vendor sells off supplies at a discount without such an assertion by the business, and immediately restocks the inventory, then the business would be under no obligation to compensate the vendor for any part of the discount involved in the discount sale **120**.

[0013] The release condition can be that improved business supplies become available for insertion into the vendor inventory. For example, as new and more efficient desktop computer are developed, it is to the advantage of the business that its emergency inventory not contain antiquated desktop computers. So, every now and then, the desktop computers in the inventory will be sold at a discount, and the inventory will be restocked **125** with a better product. The business would compensate **130** the vendor for at least part of the discount. This can be, for example, a certain percentage of the discount that is less than 100% so that the vendor will have a good incentive to sell at the least possible discount.

[0014] Of course, the bottom line is that, if an emergency occurs, the inventory will be provided **135** to the business. This contrasts with present circumstances in which many businesses may be prepared financially for an emergency due to insurance coverage, but at the same time would face a huge spike in prices if vendors are not prepared to immediately fill all emergency orders.

[0015] Other types of release conditions are possible, such as that the business supplies have reached a particular age, or a particular percentage of shelf life, or a particular state of decay. The business itself may take part in the discount sale, which provides the business with more flexibility and options, while benefiting the vendor also because a greater demand for the items will tend to decrease the discount.

[0016] The business supplies in the vendor inventory may be owned by the vendor, or owned by the business instead of the vendor (at least

temporarily). In the latter case, the business will not have to compete with third parties when it wants to obtain business supplies that are released from the inventory. In either case, the business can obtain the supplies, either for the use of the business itself, or in order for the business to sell at least some of the business supplies to a third party, thereby potentially making a profit.

[0017] Referring now to the method **200** shown in FIG 2, it is useful to think of the inventory of emergency business supplies as flowing through an imaginary pipeline. The pipeline is filled **205** with X items for the business (i.e. the client). The client may decide **210** to request N items, in which case those items are delivered **215** to the client, and the pipeline is subsequently filled again. However, if the client does not request items, then the items in the pipeline remain there, and may be periodically checked to see if they have breached **220** a time threshold or reached some other release condition. If Y items have breached a time threshold, then they are sold off **225**, optionally (probably likely) at a discount from their original price (of course $Y < X$). But, if the Y items have not breached any threshold, then again the client has opportunities to request some of those items for delivery to the client.

[0018] FIG 3 shows a system **300** according to an embodiment of the present invention. The business **305** looks at available products and models available from the vendor, and asserts **315** that a release condition has been reached, because it wants newly available products to be inserted into the inventory **325** of emergency supplies instead of old products. In such a case, the assertion is a release condition. The vendor **320** receives the assertion, and therefore conducts a discount sale **330** to a third party **335** which makes

room in the inventory for restocking. In the event of an emergency, the inventory is supplied **310** to the business **305**.

[0019] It is to be understood that various changes may be made in the above illustrative embodiments without departing from the scope of the invention, as will be perceived by those skilled in the art. It is intended that all matter contained in the above description or shown in the accompanying drawings shall be interpreted as illustrative and not in a limiting sense. The invention disclosed herein can be implemented by a variety of combinations of hardware and software, and in a variety of legal or contractual formats, and those skilled in the art will understand that those implementations are derivable from the invention as disclosed herein.